

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

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MEETING WITH EDWARD GIEREK
FIRST SECRETARY OF THE CENTRAL COMMITTEE
OF THE POLISH UNITED WORKER'S PARTY

Monday, July 28, 1975

5:00 p.m. (90 minutes)

Sejm (Parliament Building)

Warsaw, Poland

From: Henry A. Kissinger *JK*

I. PURPOSE

Your visit to Warsaw, following your talks in Bonn and immediately prior to the CSCE summit, will be an event of great importance to the Government of Poland -- demonstrating that Poland occupies a place, independent of the USSR, in current East-West consultations.

Following on First Secretary Gierek's visit to Washington last October, at which time Joint Statements on political and economic relations and bilateral agreements on energy, science and environment were signed, the visit will also demonstrate the expanding and improving US-Polish relationship. The Poles will wish to highlight this continuing progress in a Joint Statement which you and the First Secretary will sign on July 29.

Your purpose in your talks with Gierek will be to:

-- reaffirm the value you place on consultations with the First Secretary as the respected leader of a sovereign Eastern European State whose importance we recognize;

-- state the readiness of the United States to continue the development of mutually beneficial economic relations and cooperation in fields of bilateral interest;

-- state your commitment to further relaxation of East-West tensions, noting that while the CSCE summit will represent a positive step much work will be required by all participants if the CSCE provisions are to be implemented and make a genuine contribution to detente; and

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-- review international issues of mutual interest including MBFR and Middle East developments.

II. BACKGROUND, PARTICIPANTS AND PRESS ARRANGEMENTS

A. Background: Developments in Poland. First Secretary Gierek's position as leader of the Polish United Worker's Party and Polish state appears to be unchallenged domestically and fully accepted by Moscow. The riots of December 1970 which brought Gierek to power also compelled him to adopt policies designed to raise the country's standard of living. Gierek is generally credited with the considerable successes which have been achieved in this effort. There are, however, some signs of pending problems of under-terminated magnitude for the Polish leadership, basically because of rising expectations and inadequate economic productivity.

Consumer goods shortages, especially meat, led to public protests in March. Public apologies by top Party officials, including Gierek himself, underlined the great sensitivity of the leadership to public opinion, as well as the short fuse of Poland's workers. As a result, Gierek hurriedly pushed up implementation of a profound reorganization of the country's regional and county administrations. The major impact of these changes is on predominantly agricultural areas, permitting closer supervision from the central authorities and ensuring the disappearance of a layer of administration prone to obstructionism and localism.

Poland has run up sizable debts over the past several years. Trade with the United States, Western Europe and Japan has switched from a surplus in 1972 to an approximately \$1.5 billion annual deficit in 1974-75, and hard currency indebtedness may reach \$7 billion by 1976. The Poles also face an economic squeeze, perhaps less so than other Eastern European countries, from increased Soviet oil and other raw-materials prices. A strong trading position with the West enhances the Poles' ability to absorb these price increases.

These subterranean uncertainties define the strategic setting of Gierek's reception of you: he will be seeking to strengthen further his position at home and abroad, and he will be looking for further U.S. support for his policies. This support will be solicited within the context of Moscow's continuing concern, in the era of detente, for the political and ideological reliability of its Eastern European allies.

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For the Poles, detente has given new impetus to their testing of the limits of Soviet tolerance in Eastern Europe. It has allowed them to reach out more openly to the West, representing their actions as part of the over-all detente process. Your visit to Warsaw will be an important event in this process for the USSR's largest East European ally. Since the war, Poland has had a special place in Soviet calculations by virtue of her size, location athwart the traditional invasion route from Germany, and the potential for self-reliance which possession of key raw materials (e.g., coal, copper, sulphur) gives her.

Gierek has used the positive environment of detente in a cautious fashion to stay in power and to promote economic growth. He hopes that higher real incomes, foreign credits, massive imports of Western technology and social and political peace will increase economic productivity and make his country's economic growth self-sustaining. Expanding contacts with the West in the detente framework are the key to the success of these policies, and his visit to the United States and his recent reception of French President Giscard d'Estaing have encouraged him to believe that his strategy is a fruitful and prudent one for Poland.

US-Polish Relations. There are no special problems in US-Polish bilateral political relations. The Gierek visit of last October has produced an exceptional atmosphere of good will and cooperation across the board. The United States receives a better press in Poland than in any other Eastern European country. Visits of ranking Polish and American officials continue to be frequent and productive. Since Gierek's visit, seven cabinet-level GOP officials have come to the U.S. and a much greater number of prominent Americans have travelled to Poland. Most of the ranking Americans who have been to Warsaw in 1975 have been personally received by Secretary Gierek. Improvement in bilateral economic ties continues at a very fast pace.

Since October, the U.S. has concluded five bilateral agreements with Poland (PL-480 debt deferral, payments to U.S. annuitants resident in Poland, fisheries - 2, textiles), and the Poles have reached settlement with U.S. holders of pre-war Polish Government and City of Danzig (today Gdansk) bonds.

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US-Polish Trade. The volume of US-Polish trade has grown four-fold in the 1970's from \$166 million in 1970 to \$660 million in 1974; the commodity structure has become increasingly diversified; and the areas and complexity of commercial relations have expanded. Rising exchanges of industrial goods, together with stable trade in traditional agricultural products, can be expected to boost 1975 trade to over \$800 million. Cooperation between American and Polish firms is expanding, as witnessed by the number of American companies opening offices in Warsaw and working on projects in various parts of Poland. Successful conclusion of the various contracts currently being negotiated would assure achievement of the goals set last October for trade turnovers of \$1 billion in 1976 and \$2 billion in 1980. These economic ties with the U. S. play an important role in the Poles' ambitious plans for rapid development and modernization of their economy. They are particularly concerned about access to U. S. markets for their exports and access to U. S. financing for the capital goods and technology which they wish to import from the U. S. The one cloud over US-Polish trade, according to First Secretary Gierek, is the antidumping case currently pending against Polish Melex golf carts. Expansion of economic ties supports U. S. policy objectives with regard to Poland and creates new business and jobs for American industry.

US-Polish Scientific Cooperation. Scientific and technological cooperation with Poland began in the early 1960's when U. S. Government agencies entered into arrangements with the Polish Government which permitted Polish institutions to perform research for U. S. agencies using US-owned zlotys under the Special Foreign Currency Program (PL-480).

Faced with the prospect of having exhausted the supply of excess zlotys by 1973, the U. S. and Poland conducted prolonged negotiations to work out a joint financing arrangement and to extend the program. These talks culminated in an "Agreement Between the Government of the USA and the Government of the Polish People's Republic on Funding of Cooperation in Science and Technology", signed in Washington on October 8, 1974. The Agreement provides for the creation of the Marie Sklodowska Curie Fund totaling approximately \$55 million in zlotys to be used for joint research and related activities, with about \$20 million of that amount to be used for energy or energy-related research. On the same date, cooperative agreements were signed in the fields of coal research, the health sciences, and the environment.

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International Issues

CSCE. The Poles during the Geneva negotiations served occasionally as the principal Warsaw Pact spokesmen on CSCE issues of sensitivity to Moscow, perhaps calculating that such service is a small price to pay for obtaining latitude from Moscow on issues of greater significance to Polish national interests. The Poles have shown genuinely keen interest in the CSCE principles of "frontier inviolability" and "peaceful change of borders" -- which relate directly to formulations in their 1970 treaty with the FRG formalizing the German-Polish border. They have also enthusiastically supported increased East-West economic ties.

On freer movement issues, the Poles have supported the Soviets, arguing that increased human contacts should be developed bilaterally, rather than through CSCE. On post-CSCE follow-up, the Poles supported the Czech proposal for a permanent "consultative committee", but eventually agreed to a compromise involving a probationary period until 1977, when a meeting of senior officials will review implementation of all CSCE texts.

MBFR. The Poles and other Warsaw Pact members have enjoyed a tactical advantage during the recent round of negotiations in Vienna. The East has ascribed lack of progress in the negotiations to Western inflexibility and continued its tactics of attempting to create the impression of Eastern flexibility without changing any of the basic elements of its position. Eastern negotiators have also attempted to capitalize on the unwillingness of the Federal Republic of Germany to specify in advance its military reductions in Phase II and thereby put NATO on the defensive. They have steadily focused on the need to include nuclear forces in the negotiations and intimated in the previous round that a nuclear/tank trade might be of interest.

- B. Participants: First Secretary Edward Gierek (biographic sketch in accompanying briefing book), Minister of Foreign Affairs Stephan Olszowski, Henry A. Kissinger and Brent Scowcroft.
- C. Press Arrangements: There will be full press coverage of your visit to Poland, and a press photo session at the beginning of your talks with First Secretary Gierek.

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